

EXHIBIT 4

1 IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF MASSACHUSETTS

2 CASE NO. 04-10487 GAO

3 INSITUFORM TECHNOLOGIES, INC.,

4 Plaintiff, :

5 :

vs.

6 :

7 AMERICAN HOME ASSURANCE COMPANY,

:

8 Defendants.

9

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11 DEPOSITION UNDER ORAL EXAMINATION OF:

CHRIS CAMPOS, CPA

12 January 21, 2008

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14 REPORTED BY: JENNIFER L. REALMUTO, CSR

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<p style="text-align: right;">Page 6</p> <p>1 CHRIS CAMPOS, CPA, 2 310 Cedar Lane, Teaneck, New Jersey, having been 3 first duly sworn, testifies as follows: 4 5 DIRECT EXAMINATION BY MR. DESCHENES: 6 Q. Good afternoon, Mr. Campos. 7 A. Good afternoon. 8 Q. Nice to talk to you again. I want to 9 thank you for making yourself available on such short 10 notice and on a holiday. 11 A. Good afternoon. 12 Q. Besides the court reporter, is there 13 anyone else present in the room with you? 14 A. No, sir. 15 Q. Do you understand that you are still 16 under oath today? 17 A. Yes, sir. 18 Q. All of the previous instructions that 19 I gave you in our previous deposition session in May 20 of 2007 apply today, but I think, as we mentioned 21 before we went on the record, we have to be very 22 careful not to try to speak over each other today 23 because we're doing this by telephone. 24 So I will try very hard not to 25 interrupt you when you are answering a question, and</p>	<p style="text-align: right;">Page 8</p> <p>1 A. No. 2 Q. Has your testimony been limited by a 3 Court in any way? And I'm talking about since May of 4 2007. 5 A. No, sir. 6 Q. How much has your firm earned in 7 connection with this retention by Insituform in this 8 case? 9 A. I don't know, sir. I -- it's not 10 something I keep a record of mentally. 11 Q. Are you still charging Insituform 12 \$300 per hour for your time in this case? 13 A. Yes, sir. 14 Q. And I believe it was your partner, 15 Ms. Callen, is she still charging \$150 to \$175 per 16 hour for her work on this case? 17 A. Yes, sir. 18 Q. Do you know approximately how many 19 hours you've worked on this case? 20 A. No, I do not, sir. 21 Q. Do you have any approximation or 22 estimate of those hours, sir? 23 A. No, I do not. I'd be guessing and I 24 wouldn't want to guess. 25 Q. Absolutely not. And how -- do you</p>
<p style="text-align: right;">Page 7</p> <p>1 if you could try also to allow me to get out my 2 question before responding, I think that would be 3 very useful, and to give, obviously, Charlie an 4 opportunity to object if he feels it's appropriate to 5 object. 6 So there may be some pregnant pauses 7 here today, but I think we have to all kind of work 8 together to do that. 9 Is that okay with everybody? 10 A. Yes, sir. 11 Q. And I have not done a telephone 12 deposition in a while, so I'll have to keep that in 13 mind. 14 Since our last deposition in May of 15 2007, how many cases have you been deposed in, sir? 16 A. I don't recall off the top of my 17 head. I did send you an update of the cases I've 18 testified, and I don't know whether since that date 19 I've testified again. I don't believe so, but I 20 don't recall. 21 Q. And have you testified at trial since 22 May 2007? 23 A. I do not believe so. 24 Q. Have you been precluded from offering 25 an opinion in any of those cases, sir?</p>	<p style="text-align: right;">Page 9</p> <p>1 have any approximation or estimation for how many 2 hours your partner, Ms. Callen, has put into the 3 case? 4 A. No, I do not. 5 Q. Sir, do you bill this engagement to 6 Insituform? 7 A. Either Insituform or Mr. Philbrick, 8 I'm not sure precisely which one, but Insituform 9 ultimately pays the bill. 10 Q. What I was asking, I guess, is: Are 11 you the person at your firm who's responsible for 12 preparing and sending out bills in this matter? 13 A. I am. The bills are prepared and I 14 review them and finalize them and okay them. But 15 they're prepared by someone else, okay? 16 Q. And you review them? 17 A. Yes. 18 Q. And finalize them before they're sent 19 out; is that correct? 20 A. Yes. 21 Q. Do you recall when the last time was 22 that you sent out a bill in this case? 23 A. No, I do not, sir. 24 Q. And sitting there today, you have no 25 memory at all about how much you may have charged</p>

3 (Pages 6 to 9)

<p style="text-align: right;">Page 10</p> <p>1 Insituform in this case; is that correct?</p> <p>2 A. That's correct, yes.</p> <p>3 Q. Have you been retained by</p> <p>4 Mr. Philbrick or Holland & Knight to work on any</p> <p>5 other cases?</p> <p>6 A. No, sir.</p> <p>7 Q. Since our last session, Mr. Campos, I</p> <p>8 understand that you have completed your analysis of</p> <p>9 the costs incurred prior to December 31, 2003; is</p> <p>10 that correct?</p> <p>11 A. Yes, sir.</p> <p>12 Q. Did you conduct a quantitative</p> <p>13 analysis of those costs?</p> <p>14 A. Yes.</p> <p>15 Q. And can you describe for me what that</p> <p>16 quantitative analysis entailed?</p> <p>17 A. It entailed reviewing all of the</p> <p>18 categories of the claim and going back to the</p> <p>19 detailed source documents from which those totals</p> <p>20 were derived to determine whether or not the work was</p> <p>21 performed prior -- or through December 31, 2003 or</p> <p>22 thereafter.</p> <p>23 Q. And who conducted this analysis, sir?</p> <p>24 A. Ms. Siri Callen did, under my</p> <p>25 direction, and periodically I would be reviewing as</p>	<p style="text-align: right;">Page 12</p> <p>1 you referred to, besides the source documents you</p> <p>2 mentioned, in order to perform the quantitative</p> <p>3 analysis?</p> <p>4 A. I don't believe so.</p> <p>5 Q. Do you have available, sir, the</p> <p>6 spreadsheet that Mr. Philbrick was good enough to</p> <p>7 provide to me last week, which is C&S 0138 through</p> <p>8 0153?</p> <p>9 A. Yes.</p> <p>10 Q. The top of that document has a title.</p> <p>11 It says "Summary of Claim Pre- and Post-December 31,</p> <p>12 2003 Costs"?</p> <p>13 A. Yes, I do have it.</p> <p>14 MR. DESCHENES: Jennifer, could we</p> <p>15 mark that as an exhibit, please?</p> <p>16 (Exhibit 14, Summary of Claim Pre and</p> <p>17 Post December 31, 2003, was marked for Identification</p> <p>18 by the court reporter.)</p> <p>19 MR. DESCHENES: Could you please hand</p> <p>20 that to the witness?</p> <p>21 THE WITNESS: She has.</p> <p>22 BY MR. DESCHENES:</p> <p>23 Q. Great. Sir, could you please</p> <p>24 describe what this document is.</p> <p>25 A. Well, the first page of that</p>
<p style="text-align: right;">Page 11</p> <p>1 she did the work.</p> <p>2 Q. Was there anyone else involved in</p> <p>3 performing this analysis?</p> <p>4 A. No, sir.</p> <p>5 Q. So is it fair to say that this</p> <p>6 analysis is based on when the costs were actually</p> <p>7 incurred; in other words, when the service or product</p> <p>8 was delivered, as opposed to when an invoice was sent</p> <p>9 or paid for?</p> <p>10 A. Yes, that's fair to say.</p> <p>11 Q. Besides looking at the source</p> <p>12 documents that you mentioned in your last answer, did</p> <p>13 you rely on any other documents in order to perform</p> <p>14 this analysis?</p> <p>15 A. In order to perform my entire</p> <p>16 analysis, in addition to looking at the source</p> <p>17 documents, I referred to Mr. Porzio's deposition</p> <p>18 transcript.</p> <p>19 Q. Was that part of your quantitative</p> <p>20 analysis, sir?</p> <p>21 A. No. It was part of my qualitative</p> <p>22 analysis.</p> <p>23 Q. Okay. Let me just try to limit it</p> <p>24 now to the quantitative analysis now if we can and</p> <p>25 ask you again, were there any other documents that</p>	<p style="text-align: right;">Page 13</p> <p>1 document, C&S 0138, is as you mentioned earlier the</p> <p>2 summary of claim pre- and post-December 31, 2003</p> <p>3 costs. And it breaks out the various categories as</p> <p>4 to the dollar amount based on my analysis that was</p> <p>5 through December 31, 2003 and that portion that was</p> <p>6 after December 31, 2003, along with showing the</p> <p>7 original Phase II amounts setting forth the total</p> <p>8 amount of the claim.</p> <p>9 Q. Did you prepare this document,</p> <p>10 Exhibit 14?</p> <p>11 A. As I said earlier, it was prepared by</p> <p>12 Ms. Siri under my direction.</p> <p>13 Q. Was anyone else involved in the</p> <p>14 preparation of this document?</p> <p>15 A. No, sir.</p> <p>16 Q. Are there any prior drafts of this</p> <p>17 document?</p> <p>18 A. There are no -- if there are any</p> <p>19 drafts, it were a typo or whatever, but no drafts</p> <p>20 were maintained. As a matter of policy, I don't</p> <p>21 retain drafts. Otherwise, I'd need a warehouse to</p> <p>22 store things.</p> <p>23 Q. And the numbers on these pages,</p> <p>24 particularly the first page, where do these numbers</p> <p>25 come from?</p>

4 (Pages 10 to 13)

<p style="text-align: right;">Page 14</p> <p>1 A. The dollar amounts?</p> <p>2 Q. Yes, sir.</p> <p>3 A. The dollar amounts on the summary,</p> <p>4 with respect to payroll and burden and equipment</p> <p>5 burden come from Page 11 of 11, which is C&S 0149.</p> <p>6 The remaining amounts, subcontractor and third-party</p> <p>7 invoices, those amounts come from C&S 0150.</p> <p>8 Q. And do those numbers originally come</p> <p>9 from the source documents you described earlier?</p> <p>10 A. The amounts set forth on Pages -- on</p> <p>11 the 11 pages --</p> <p>12 Q. Yes, sir.</p> <p>13 A. -- of the -- that's entitled "2003</p> <p>14 Employee Payroll Breakdown, Phase I Direct Labor,"</p> <p>15 all of that came from the binders that I have in my</p> <p>16 office, that Section A-1 and A-4.</p> <p>17 Q. Did you create any other worksheets</p> <p>18 or notes or other papers in preparing this document?</p> <p>19 A. No. This document was prepared</p> <p>20 directly from the source data summarized and brought</p> <p>21 forth onto the summary.</p> <p>22 Q. On the first page in front of you of</p> <p>23 Exhibit 14, under Phase I, I would like to focus on</p> <p>24 the column entitled "Through 12/31/03." Do you see</p> <p>25 that?</p>	<p style="text-align: right;">Page 16</p> <p>1 2003, summarized those -- that gross -- the gross pay</p> <p>2 dollars by day on the 11 pages, and added that up to</p> <p>3 come up with the total of \$96,172.41.</p> <p>4 Q. And the backup or support for that</p> <p>5 calculation is the next 11 pages of this Exhibit 14?</p> <p>6 I think you've described it's 139 through 49; is that</p> <p>7 correct, sir?</p> <p>8 A. Through 149, yes.</p> <p>9 Q. So with respect to field gross labor</p> <p>10 payroll reports, based on your calculation, sir, the</p> <p>11 total amount of costs incurred prior to December 31,</p> <p>12 2003 is \$96,172.41; is that correct?</p> <p>13 A. Based on the data that appears in the</p> <p>14 book for the daily payroll for each of these</p> <p>15 employees, for all of the employees, that's what it</p> <p>16 amounts to, yes, sir.</p> <p>17 Q. The next item, sir, if you could go</p> <p>18 down to labor, burden and benefits. Do you see that?</p> <p>19 A. Yes, sir.</p> <p>20 Q. And under the column through</p> <p>21 12/31/03, there's a number there, \$28,452.40. Do you</p> <p>22 see that?</p> <p>23 A. Yes, sir.</p> <p>24 Q. And what does this category</p> <p>25 represent?</p>
<p style="text-align: right;">Page 15</p> <p>1 A. Yes, sir.</p> <p>2 Q. And I'd like to go through each of</p> <p>3 these categories of costs individually. This column</p> <p>4 represents your calculation of pre-December 31, 2003</p> <p>5 costs, does it not?</p> <p>6 A. Pre-December 31, 2003, yes.</p> <p>7 Q. It does. And let's just take the</p> <p>8 first number.</p> <p>9 A. Yes, sir.</p> <p>10 Q. It's described, I believe, in the</p> <p>11 left-hand side of the page as field growth payroll</p> <p>12 report.</p> <p>13 Do you see that?</p> <p>14 A. Yes.</p> <p>15 Q. What does this category represent?</p> <p>16 A. The field payroll, the total payroll</p> <p>17 for the field payroll. It's the same category that</p> <p>18 was in my original report on Schedule 1 of my report,</p> <p>19 the exact same category.</p> <p>20 Q. Okay. Can you explain to me how you</p> <p>21 arrived at this figure, \$96,172.41?</p> <p>22 A. I reference to the binder and the</p> <p>23 Section A-1, looked at the individual payroll</p> <p>24 records, the payroll summaries for all of the</p> <p>25 employees from October 2, 2003 through December 31,</p>	<p style="text-align: right;">Page 17</p> <p>1 A. It represents the total payroll</p> <p>2 burden, which is composed of four separate</p> <p>3 subcategories: General liability, worker's</p> <p>4 compensation insurance, employer payroll tax and</p> <p>5 fringe benefits. All of those four elements are the</p> <p>6 total of the payroll burden.</p> <p>7 Q. And how did you arrive at this</p> <p>8 figure, sir?</p> <p>9 A. By the same process I arrived at the</p> <p>10 gross pay figure, by referring to the binder, A-1 and</p> <p>11 A-4, and employee by employee, for the 11 pages,</p> <p>12 entered each of the categories that I just mentioned</p> <p>13 and totaled them up. And the total categories</p> <p>14 equaled the 28,452.40.</p> <p>15 Q. And the backup or support for that</p> <p>16 calculation, sir, is it the same 11 pages that</p> <p>17 follow?</p> <p>18 A. Yes, sir.</p> <p>19 Q. C&S 0139 through 0149?</p> <p>20 A. Yes, sir.</p> <p>21 Q. So with respect to labor, burden and</p> <p>22 benefits, based on your calculations, the total</p> <p>23 amount of costs incurred prior to December 31, 2003</p> <p>24 is \$28,452.40; is that correct, sir?</p> <p>25 A. For the labor, burden and benefits,</p>

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<p style="text-align: right;">Page 18</p> <p>1 yes.</p> <p>2 Q. Now, just scrolling down to the next</p> <p>3 line, it says "Equipment Burden." Do you see that?</p> <p>4 A. Yes, sir.</p> <p>5 Q. And there is a number again for</p> <p>6 equipment burden of \$63,633.50. Do you see that?</p> <p>7 A. Yes, sir.</p> <p>8 Q. And can you tell me what this</p> <p>9 category represents?</p> <p>10 A. It represents a compilation of the</p> <p>11 equipment burden charges for each of the employees,</p> <p>12 and I went back to the same source data, day by day,</p> <p>13 and entered it on the 11 pages and summarized it and</p> <p>14 totaled it, to arrive at the 63,633.50.</p> <p>15 Q. So you used the same process here for</p> <p>16 equipment burden to determine this figure as the</p> <p>17 process that you used for field gross payroll report</p> <p>18 and labor, burden and benefits, sir?</p> <p>19 A. Same process and same source data,</p> <p>20 yeah.</p> <p>21 Q. And the source data, again -- or the</p> <p>22 backup and support for your calculation are the 11</p> <p>23 pages that follow this summary page, sir?</p> <p>24 A. Well, the 11 pages are where it's</p> <p>25 summarized. But the source data is the three -- the</p>	<p style="text-align: right;">Page 20</p> <p>1 A. By looking at the source data, which</p> <p>2 is the binder D-2. And the binders that I'm talking</p> <p>3 about are -- originally were marked Exhibits 6A, 6B,</p> <p>4 6C and 6D --</p> <p>5 Q. That's correct, sir.</p> <p>6 A. -- at my deposition, just so it's</p> <p>7 clear what I'm talking about.</p> <p>8 Q. I appreciate that. Thank you.</p> <p>9 A. And by reference to the category or</p> <p>10 the section under the Tab D-2, I tallied up eight</p> <p>11 items that totaled the 4,138.27, and they appear on</p> <p>12 C&S 0151 and summarized on C&S 0152 and brought forth</p> <p>13 onto C&S 0150.</p> <p>14 Q. And for this item, in arriving at</p> <p>15 this figure, your methodology was to include things</p> <p>16 based on when the costs were incurred as opposed to</p> <p>17 when they were paid; is that correct, sir?</p> <p>18 A. Yes.</p> <p>19 Q. So with respect to per diem</p> <p>20 lodging -- I'm sorry, per diem and lodging, based on</p> <p>21 your calculations, the total amount of costs incurred</p> <p>22 prior to December 31, 2003 is \$4,138.27; is that</p> <p>23 correct?</p> <p>24 A. Yes, sir.</p> <p>25 Q. Okay. The next category down is</p>
<p style="text-align: right;">Page 19</p> <p>1 four binders that I have in my office that represent</p> <p>2 the details of the claim.</p> <p>3 Q. Okay. So with respect to equipment</p> <p>4 burden, based on your calculations, the total amount</p> <p>5 of costs incurred prior to December 31, 2003 is</p> <p>6 \$63,633.50; is that correct, sir?</p> <p>7 A. Yes, sir.</p> <p>8 Q. Now, scrolling down to the next item</p> <p>9 under -- it says, "Subcontractor and Third-Party</p> <p>10 Invoices." Do you see that?</p> <p>11 A. Yes, I do.</p> <p>12 Q. And under the item "Per Diem and</p> <p>13 Lodging," do you see that, sir?</p> <p>14 A. Yes.</p> <p>15 Q. And can you tell me -- there's an</p> <p>16 amount for per diem and lodging, \$4,138.27. Do you</p> <p>17 see that?</p> <p>18 A. Yes, sir.</p> <p>19 Q. And what does this category</p> <p>20 represent?</p> <p>21 A. The per diem and lodging charges in</p> <p>22 connection with this project through December 31,</p> <p>23 2003.</p> <p>24 Q. And how did you arrive at this</p> <p>25 figure, sir?</p>	<p style="text-align: right;">Page 21</p> <p>1 expendable and supplies. Do you see that, sir?</p> <p>2 A. Yes, I do.</p> <p>3 Q. And can you tell me what this</p> <p>4 category represents?</p> <p>5 A. Again, a category that was collected</p> <p>6 by Insituform in -- and it represents the -- as it</p> <p>7 says, the expendable items and the various supplies</p> <p>8 incurred in connection with this project through</p> <p>9 December 31, 2003.</p> <p>10 Q. And how did you arrive at this</p> <p>11 figure, sir?</p> <p>12 A. By reference to the -- the binders,</p> <p>13 the category under the type D-3. I identified four</p> <p>14 items that were incurred prior to December 31, 2003.</p> <p>15 Listed them on C&S 0151. Summarized them on C&S</p> <p>16 0152, which totaled \$18,636.60, and they were brought</p> <p>17 forth onto C&S 0150.</p> <p>18 Q. So with respect to expendable and</p> <p>19 supplies, based on your calculations, the total</p> <p>20 amount of costs incurred prior to December 31, 2003</p> <p>21 is \$18,636.60; is that correct?</p> <p>22 A. Yes, sir.</p> <p>23 Q. And the next item is miscellaneous</p> <p>24 expenses. Do you see that, sir?</p> <p>25 A. Yes, I do.</p>

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<p style="text-align: right;">Page 22</p> <p>1 Q. Can you tell me what this category 2 represents?</p> <p>3 A. It represents, again, a category 4 entitled "Miscellaneous Expenses" that Insituform 5 collected relating to this project. And I identified 6 these items through -- that were incurred through 7 December 31, 2003.</p> <p>8 Q. Can you tell me the process for 9 arriving at that figure?</p> <p>10 A. By referring to the binders under 11 Tab D-4, which is the source data for the claim, and 12 identifying the miscellaneous expenses incurred 13 through December 31, 2003. Tabulating them on 14 C&S 0151 and 0152 and summarizing those to arrive at 15 the 13,968.02.</p> <p>16 Q. Which appears on C&S 0150; is that 17 correct?</p> <p>18 A. And carried over onto -- yes, onto 19 C&S-0150.</p> <p>20 Q. So with regard to miscellaneous 21 expenses, based on your calculations, the total 22 amount of costs incurred prior to December 31, 2003 23 is \$13,968.02; is that correct?</p> <p>24 A. That's the charges incurred -- the 25 actual charges incurred through December 31, 2003 as</p>	<p style="text-align: right;">Page 24</p> <p>1 A. Based on my analysis, that's what 2 I've tabulated and totaled it to be, yes.</p> <p>3 Q. Okay. The next item, two items down, 4 is air travel. Do you see that, sir?</p> <p>5 A. Yes, sir.</p> <p>6 Q. And can you tell me what this 7 category represents?</p> <p>8 A. It represents air travel expense 9 incurred by Insituform in connection with this 10 project as they originally collected in their 11 original claim. And I'm utilizing that same category 12 for purposes of this analysis, and that's what I've 13 done.</p> <p>14 Q. Okay. And can you describe for me, 15 sir, how you arrived at that figure?</p> <p>16 A. By referring to the binders, Tab D-7, 17 I identified three items that were incurred prior to 18 December 31, 2003. Those items -- amounts are set 19 forth on C&S 0151 and 015 -- summarized on C&S 0152 20 in the total amount of \$2,544.40 and brought forth 21 onto C&S 0150.</p> <p>22 Q. So with respect to air travel, based 23 on your calculations, the total amount of costs 24 incurred prior to December 31, 2003 is \$2,544.40; is 25 that correct, sir?</p>
<p style="text-align: right;">Page 23</p> <p>1 tabulated by me.</p> <p>2 Q. The next item down states 3 "Independent Testing Services." Do you see that, 4 sir?</p> <p>5 A. Yes, I do.</p> <p>6 Q. And can you tell me what this 7 category represents?</p> <p>8 A. Again, a category identified by 9 Insituform during the course of this project, which 10 they entitled "Independent Testing Services." And 11 that is a category that I used in the -- my original 12 Schedule 1 of my report, and that same category is 13 broken out here in this analysis.</p> <p>14 Q. And how did you arrive at that 15 figure, sir?</p> <p>16 A. By referring to the binder under 17 Tab D-5, I looked at the documents and looked to 18 determine what was incurred through December 31, 19 2003. There were three items totaling \$3,475 which 20 are set forth on C&S 0151 and 0152 and brought forth 21 onto C&S 0150.</p> <p>22 Q. So with respect to independent 23 testing services, based on your calculations, the 24 total amount of costs incurred prior to December 31, 25 2003 is \$3,475; is that correct?</p>	<p style="text-align: right;">Page 25</p> <p>1 A. Yes, based on my analysis of the 2 underlying documents, that's what that amount totals, 3 yes.</p> <p>4 Q. And then the next-to-last item is 5 meals? Do you see that, sir?</p> <p>6 A. Yes, sir.</p> <p>7 Q. And what does that category 8 represent?</p> <p>9 A. That incurs meals -- that represents 10 meals incurred by Insituform in connection with this 11 project, and it's a category that was in their 12 original claim and I've utilized that same category 13 in this analysis.</p> <p>14 Q. And how did you arrive at that 15 figure, sir?</p> <p>16 A. By reference to the Tab D-8 in the 17 binders, I identified two items totaling \$130.40, 18 which are set forth on C&S 0151 and summarized on 19 C&S 0152 and brought forward onto C&S 0150.</p> <p>20 Q. So with respect to meals, based on 21 your calculations, the total amount of costs incurred 22 prior to December 31, 2003 is \$130.40; is that 23 correct?</p> <p>24 A. Based on my analysis, that's what 25 that -- those amounts total, yes, sir.</p>

7 (Pages 22 to 25)

<p style="text-align: right;">Page 26</p> <p>1 Q. Okay. And the last item, 2 subcontractor and consultants, do you see that, sir? 3 A. Yes, I do. 4 Q. And can you tell me what that 5 category represents? 6 A. It represents subcontractor and 7 consultant charges incurred by Insituform in 8 connection with this project. 9 Q. And the number there is 10 \$1,001,125.88; is that correct? 11 A. That's correct. 12 Q. And how did you arrive at that 13 figure? 14 A. By reference to Tab D-9 in the 15 binders and referring to the underlying invoices that 16 are included therein and identifying those items that 17 were incurred prior -- or through December 31, 2003. 18 And I've summarized those on C&S 0151 and 0152 and 19 brought forth that total of the seven items of 20 \$1,001,125.88 onto C&S 0150. 21 Q. And like the other items you've 22 testified to, this is based on when the costs were 23 incurred, not when the services were actually paid 24 for; is that correct? 25 A. That's correct. Either incurred, not</p>	<p style="text-align: right;">Page 28</p> <p>1 A. Got you. 2 Q. On the first page? 3 A. Yes. 4 Q. After all those items, there's a 5 category and it says "subtotal." Do you see that? 6 A. Yes, I do. 7 Q. And under "Subtotal," the total 8 amount of costs incurred prior to December 31, 2003 9 is \$1,232,276.88; is that correct? 10 A. It's through December 31, 2003, yes, 11 that's the number. 12 Q. And did you arrive at this figure by 13 simply adding up the numbers in the column above? 14 A. By adding up the amounts set forth in 15 that column that says "Through December 31, 2003," 16 yes, sir. 17 Q. And did you also conduct a 18 qualitative analysis of the costs incurred prior to 19 December 31, 2003? 20 A. As I testified a little earlier, yes, 21 I did. 22 Q. And can you tell me what the 23 qualitative analysis entailed? 24 A. Reading the deposition transcript of 25 Mr. Porzio to determine what was done during this</p>
<p style="text-align: right;">Page 27</p> <p>1 paid for or billed, but when they were incurred. 2 Q. So, in other words, when the service 3 or product was delivered or provided; is that 4 correct? 5 A. Or rendered, yes. 6 Q. Or rendered? 7 A. Yes. 8 Q. So with respect to subcontractor and 9 consultants, based on your calculations, the total 10 amount of costs incurred prior to December 31, 2003 11 is \$1,001,125.88? 12 (A discussion was held off the 13 record.) 14 A. Based on my analysis, those items 15 total the 1,001,125.88. 16 BY MR. DESCHENES: 17 Q. And then the next line down, sir, it 18 says "Subtotal." Do you see that? 19 A. You referring to -- which page, sir? 20 Q. I'm referring to Page 1. After 21 "Subcontractor and Consultants," there's the next 22 line, it says "Subtotal"? 23 A. Oh you're talking about on C&S 0138? 24 Yes, okay. 25 Q. The first page of Exhibit 14.</p>	<p style="text-align: right;">Page 29</p> <p>1 period of time and why. 2 Q. Did anyone else assist you in 3 performing this qualitative analysis? 4 A. No, sir. 5 Q. Other than reading Mr. Porzio's 6 deposition, did you do anything else to perform your 7 qualitative analysis? 8 A. Not that I can recall. 9 Q. In other words, did you ever speak to 10 Mr. Porzio directly? 11 A. I may have spoken to him directly, 12 but I don't think it was about this specific issue. 13 Maybe I did. I don't recall. 14 Q. By "this specific issue," you mean 15 the qualitative analysis, sir? 16 A. Yes, sir. 17 Q. Did the analysis include talking to 18 any other people about these costs? 19 A. I don't believe so. 20 Q. In other words, did the analysis 21 include getting opinions from operational people as 22 to the type of expenditure? 23 A. Other than through what I just 24 testified of the -- in reference to the deposition 25 transcript, I don't recall any other communications.</p>

8 (Pages 26 to 29)

<p style="text-align: right;">Page 30</p> <p>1 Q. So the qualitative part of your 2 analysis consisted of, in its entirety, reading 3 Mr. Porzio's deposition; is that correct? 4 A. Well, in its entirety and to the 5 extent that there may have been other communications 6 that I can't recall, once you narrow it down to its 7 entirety, I have to qualify that way. Okay? 8 Q. Well, I hear you and understand you, 9 sir, but I'm asking for your best memory today as to 10 what you did to perform your qualitative analysis. 11 And so far I think you've testified that you read 12 Mr. Porzio's deposition, and what I'm asking you is 13 did you do anything else to perform your qualitative 14 analysis? 15 A. And I believe, sir, that I have 16 answered you by saying nothing that I can recall. 17 And I also answered that -- when you said 100 percent 18 of it represented the deposition transcript reading, 19 I qualified that, to be honest with you, by saying 20 that it could have been other items that I can't 21 recall. 22 Q. But sitting there today, you cannot 23 recall doing anything else to perform your 24 qualitative analysis besides reading Mr. Porzio's 25 deposition transcript; is that correct?</p>	<p style="text-align: right;">Page 32</p> <p>1 reference to the underlying documents and separating 2 those out before and after, that's what I concluded. 3 Q. Oh, I'm not trying to be difficult. 4 I'm just -- what you mean is you confirmed that these 5 numbers were the actual numbers? 6 A. Yes. 7 Q. Did your analysis of the 8 pre-December 31, 2003 costs affect or change any of 9 your opinions in this case? 10 A. No. 11 Q. Your analysis did not include any 12 coverage interpretation; is that correct, sir? 13 A. My analysis -- that's correct. I do 14 not give an opinion with respect to coverage. 15 Q. And that is because you're not 16 qualified to give an opinion about policy 17 interpretation; is that correct, sir? 18 A. I'm not licensed to do that and I 19 don't normally do that, other than by reference to 20 the custom and practice of what actually goes on on a 21 day-to-day basis in the industry. 22 Q. And is it fair to say that, in your 23 analysis, you categorized costs into different 24 buckets: Those incurred prior to December 31, 2003 25 and those incurred after December 31, 2003?</p>
<p style="text-align: right;">Page 31</p> <p>1 A. For about the third time, sir, that's 2 correct. 3 Q. As part of your qualitative analysis, 4 sir, did you ask to speak to any Insituform 5 personnel? 6 A. I think you asked me that earlier, 7 and I said I don't recall. I still do not recall 8 whether I asked for any -- to speak to anyone or 9 whether I did speak to anyone. I think essentially 10 it was the deposition transcript. 11 Q. And in light of your qualitative 12 analysis, sir, can you tell me what conclusions, if 13 any, you reached? 14 A. I reached the conclusion that these 15 expenses were incurred through December 31, 2003 for 16 testing and investigating whether or not Insituform 17 could repair or replace. 18 Q. Did you come to any other 19 conclusions, sir? 20 A. That these were the appropriate 21 amounts to be recognized as incurred through 22 December 31, 2003. 23 Q. What do you mean by "appropriate 24 amounts"? 25 A. They were the correct amounts, by</p>	<p style="text-align: right;">Page 33</p> <p>1 A. Yes. 2 Q. And would you agree, sir, that 3 whether those costs are recoverable under the Liberty 4 Mutual policy language is a coverage issue? 5 A. Yes, as between Liberty and 6 Insituform, it's a coverage issue, yes. 7 Q. And it's a coverage issue as between 8 American Home and Insituform, is it not, sir? 9 A. Okay, let me clarify. When you say 10 "coverage issue," first I'm assuming there is 11 coverage under -- as I go through my career, and 12 understand what transpires in the adjustment of a 13 loss, there's two phases: Liability and quantum. 14 I'm assuming, in the case of Liberty 15 and in the case of American Home, that there is 16 liability under the policy. And then the quantum is 17 where people like me that come in and measure the 18 amount of the damages, and if you call that coverage 19 or not, that's another issue, but I'm saying that 20 what I've done and how I've analyzed it is normally 21 what is done in an adjustment of this type of a 22 claim. 23 Q. I appreciate what you're talking 24 about, making the distinction between quantum and 25 liability, sir, but my question is slightly</p>

<p style="text-align: right;">Page 34</p> <p>1 different. And that is: What is recoverable under 2 the policy here -- strike that. That's not a 3 question.</p> <p>4 Do you agree, sir, that ultimately 5 the issue of what is recoverable under the policy 6 language here is a coverage issue?</p> <p>7 A. Well, I'll agree that the carriers 8 normally would use that interpretation and rely on 9 their interpretation of coverage as to what's 10 included and what's recoverable or not, yes.</p> <p>11 Q. And you would agree, sir, that you 12 are not qualified to give an opinion in that regard, 13 sir?</p> <p>14 A. I'm qualified to give an opinion as 15 to what is covered under custom and practice. I do 16 this all the time.</p> <p>17 Q. Well, we'll get to custom and 18 practice, sir, but --</p> <p>19 A. I'm asking your question. You asked 20 me a question and I'm answering it.</p> <p>21 Q. Okay. But you had testified before, 22 sir, that you are not qualified to give opinions 23 about coverage; is that correct?</p> <p>24 A. I -- what I testified before was that 25 I don't interpret the policy because I'm not licensed</p>	<p style="text-align: right;">Page 36</p> <p>1 claims?</p> <p>2 MR. PHILBRICK: I'm going to object 3 to the form of the question. The witness can answer 4 if he can.</p> <p>5 A. When you say "to value liability 6 claims," we don't value them. We evaluate them, 7 analyze them and report upon them, and this 8 particular -- it's a liability policy, but as I 9 understand this policy, this basically is first-party 10 property policy within the liability policy.</p> <p>11 Q. And my question, sir, is just what 12 methods do forensic accountants like you to evaluate, 13 as opposed to -- you don't like the word "value" -- 14 to evaluate claims?</p> <p>15 A. By analyzing the claim, looking at 16 supporting documentation. Depending on the way the 17 claim is put together, it's an analysis of the claim, 18 a review of the claim, an audit of the claim to probe 19 and test to see whether the claim stands up.</p> <p>20 Q. And what methodology did you use to 21 determine custom and practice?</p> <p>22 A. I'm sorry. I don't understand that 23 question.</p> <p>24 Q. Let me ask it more directly. How did 25 you go about determining insurance industry custom</p>
<p style="text-align: right;">Page 35</p> <p>1 to do that. You either need to be a licensed 2 adjustor, as I understand it, or an attorney to 3 interpret the policy, and I don't interpret policies, 4 legally or illegally.</p> <p>5 Q. Now, as I understand it, sir -- you 6 mentioned custom and practice. I understand your 7 opinions in this case about what is recoverable under 8 American Home policy is based on custom and practice 9 and not policy language; is that correct?</p> <p>10 A. Custom and practice as it relates to 11 policy language, not divorced from policy language. 12 The custom and practice that transpires in connection 13 with policies.</p> <p>14 Q. Understood. But in connection with 15 policy language and interpretation, you are not here 16 to give opinions about that; isn't that correct?</p> <p>17 A. I'm not here to give an opinion as to 18 interpreting the policy.</p> <p>19 Q. And when you talk about custom and 20 practice, you're talking about insurance industry 21 custom and practice; is that correct?</p> <p>22 A. Insurance industry custom and 23 practice, yes.</p> <p>24 Q. And what methods do forensic 25 accountants use, like yourself, to value liability</p>	<p style="text-align: right;">Page 37</p> <p>1 and practice?</p> <p>2 A. How did I come about developing that?</p> <p>3 Q. No. How did you go about determining 4 insurance industry custom and practice?</p> <p>5 A. Through my experience, through 6 sitting in on thousands of claims of this sort.</p> <p>7 Q. And what did you rely upon to 8 determine custom and practice here?</p> <p>9 A. The activities that transpired 10 between the insurance company and the insured and the 11 ultimate adjustment of the losses.</p> <p>12 Q. Did you rely on any treatises to 13 determine custom and practice?</p> <p>14 A. I did not refer to any treatises.</p> <p>15 Sir, I've used my experience in the custom and 16 practice in a field that I have spent decades on and 17 done a couple thousand cases. I didn't have to look 18 at a book to determine what I knew from my experience 19 and working with adjustors, mostly on behalf of 20 insurance companies, and sitting in on the adjustment 21 of the losses and sitting in on settlement 22 conferences and very, very few litigation cases.</p> <p>23 Q. Let me -- I assume from your answer, 24 just so we can cut to the chase, then, in determining 25 what your understanding of custom and practice is,</p>

10 (Pages 34 to 37)

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1 you didn't rely on anything in writing, journals,
2 articles, literature or treatises; is that correct,
3 sir?

4 A. I did not specifically go to any
5 treaties in connection with the work that I did on
6 this engagement.

7 Q. And you did not rely on anything in
8 writing to determine custom and practice; is that
9 correct?

10 A. That was my answer.

11 Q. Okay. Do forensic accountants like
12 yourself use written guidelines in order to evaluate
13 liability claims?

14 MR. PHILBRICK: I'm going to object
15 to the form.

16 The witness may answer if he can.

17 A. I don't know whether -- what other
18 forensic accountants do, but I don't go to a written
19 guideline. I look at each claim and each claim is
20 prepared in a unique fashion. It's not like you're
21 looking at a tax return or a financial statement
22 that's put together in a standardized type of format.

23 All the claims are put together in
24 different formats, different approaches, and you have
25 to use different approaches and different evaluations

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1 to properly evaluate that claim. You cannot go to a
2 written standardized guideline. Otherwise, you're
3 not doing your job properly.

4 Q. Just to close the loop here, from
5 your answer, I take it you did not rely on any
6 written guidelines to evaluate this particular claim,
7 correct?

8 A. You've asked me that question I think
9 before, maybe in a slightly different form. The
10 answer is yes, correct, I did not refer to any
11 written guidelines to determine how I should approach
12 my analysis of this claim.

13 Q. Now, your knowledge of custom and
14 practice is based on working with claims adjusters
15 and insurance companies; is that correct?

16 A. Yes, sir.

17 Q. But you are not a licensed claims
18 adjuster yourself; is that correct?

19 A. That's correct.

20 Q. And you never have been a licensed
21 claims adjuster; is that correct?

22 A. Never have and never claimed to be
23 one.

24 Q. And you are -- you have never been an
25 insurance professional; is that correct?

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1 A. What do you mean by "an insurance
2 professional"?

3 Q. Working in the insurance industry, in
4 the claims capacity.

5 A. Working for an insurance company?

6 Q. Yes.

7 A. As an employee in a claims capacity?

8 Q. Right.

9 A. No, I have not.

10 Q. In fact, you've never worked in the
11 insurance industry; isn't that correct?

12 A. No. I consider the work that I do
13 working in the insurance industry, and so would many
14 of my peers. Okay?

15 Q. But you've never been an employee of
16 an insurance company, correct?

17 A. That's correct. That's what I
18 testified to a minute ago. I've never been an
19 employee of an insurance company. I've been an
20 advisor and a consultant to the insurance companies,
21 but not one of their employees.

22 Q. And what education do you have that
23 would qualify you to testify about insurance industry
24 custom and practice?

25 A. Other than some continuing education

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1 courses that I've taken in connection with insurance
2 claim matters, the vast majority of my basis for this
3 is my experience in 3,000 or so claims that I've
4 worked on over the last 40 some years.

5 Q. We'll get to experience. Right now
6 my question is what education do you have?

7 A. And I answered that.

8 Q. And what is it?

9 A. Continuing education courses that
10 I've taken.

11 Q. Can you describe those for me?

12 A. They've been courses at American
13 Institute of CPAs. They have annual sessions that
14 I've gone to, and the topics include, among other
15 things, insurance claims, business interruption
16 claims, property damage claims, things of that
17 nature. Okay?

18 I've attended those. And I've given
19 many seminars to insurance company personnel, to
20 their employees, to the insurance company
21 organizations, covering these same topics.

22 Q. Did any of these seminars or
23 continuing education courses have, as a topic, custom
24 and practice in the insurance industry?

25 A. I don't believe they teach custom and

11 (Pages 38 to 41)

<p style="text-align: right;">Page 42</p> <p>1 practice, no. I think that's something that you get 2 by experience.</p> <p>3 Q. And with respect to training, sir, 4 what particular training do you have that would 5 qualify you to testify about insurance industry 6 customs and practice?</p> <p>7 A. As I -- I just -- as I just 8 testified, I don't believe I have ever, ever, ever 9 seen a course in insurance company customs and 10 practices. So I couldn't take a training course, 11 per se.</p> <p>12 If you mean by educational type 13 courses, custom and practice, as I understand it is 14 the result of the experience you gain in the custom 15 and practices used in the field, in the firing line, 16 and gathering that information.</p> <p>17 Q. Is there general acceptance in the 18 accounting community for using custom and practice as 19 a basis for opinions in evaluating insurance claims?</p> <p>20 A. It's generally accepted by the people 21 who work on the claims -- on insurance claims, yes.</p> <p>22 Q. And are you aware of any articles or 23 treatises discussing that topic, sir?</p> <p>24 A. I believe you've asked that question 25 before. I am not aware, nor have I looked for, if I</p>	<p style="text-align: right;">Page 44</p> <p>1 connection with insurance claims.</p> <p>2 Q. Now, you would agree, sir, that the 3 specific policy language will govern what is 4 recoverable under a policy, would you not?</p> <p>5 A. In a literal sense, yes.</p> <p>6 Q. And you would agree that not all 7 liability policies are written the same?</p> <p>8 A. That's correct. And as I said in a 9 literal sense, yes, but in a real world, there are 10 variations. Okay?</p> <p>11 Q. Right. And in terms of variations, 12 you would also agree that if there is special or 13 unique policy language, it would trump your 14 understanding of custom and practice, would it not?</p> <p>15 A. Not necessarily, no.</p> <p>16 Q. And why is that, sir?</p> <p>17 A. It's -- it still would entail the 18 custom and practice in connection with that unique 19 language. And it all depends on --</p> <p>20 Q. How would you go about defining what 21 the custom and practice is of that unique practice 22 is?</p> <p>23 A. If I may back up, I was going to 24 finish.</p> <p>25 Q. Sure.</p>
<p style="text-align: right;">Page 43</p> <p>1 articles on custom and practice. The custom and 2 practice aspects of what I have learned has been in 3 the firing line, in the adjustment process, sitting 4 in on adjustment meetings and settlement meetings.</p> <p>5 Q. And do you know, sir, whether this 6 methodology has been subject to any peer review and 7 publications?</p> <p>8 A. It's been subject to peer review by 9 usage throughout the forensic accounting profession.</p> <p>10 Q. Can you give me some specific 11 examples of publications?</p> <p>12 A. I didn't say publications. Usage. 13 The usage in the field by public accountants on both 14 sides, representing insureds, representing insurance 15 companies. They understand the custom and practice 16 in connection with the policies and the custom and 17 practice interpretation of those policies.</p> <p>18 Q. Are you aware, sir, of any specific 19 examples where that methodology has been subject to 20 peer review and publication?</p> <p>21 A. In publications?</p> <p>22 Q. Yep, peer review and publications.</p> <p>23 A. I'm aware of the peer review as I've 24 testified in actual practice. I'm not aware of any 25 publications that discuss custom and practice in</p>	<p style="text-align: right;">Page 45</p> <p>1 A. The literal interpretation depends on 2 the parties. I could work on one week the same 3 policy, exact same wording, and if for some reason 4 somebody wants to be hard-nosed and interpret it one 5 way or another, you have a difference of opinion, 6 even with the same policy.</p> <p>7 So the policy interpretation is 8 important, but it's also who interprets that policy 9 that ultimately causes the disagreements that occur.</p> <p>10 Q. Are you finished, sir?</p> <p>11 A. Yes, sir.</p> <p>12 Q. Just going back to if there is 13 special or unique policy language, how would you go 14 about determining custom and practice?</p> <p>15 A. By looking at the unique language and 16 determining what occurs in the real world when that 17 language occurs. I'd have to look at the facts and 18 circumstances about this unique policy.</p> <p>19 Q. Well, if you were dealing with 20 language that was special or unique in order to 21 determine custom and practice, you would look at what 22 goes on in the real world? Is that what you said?</p> <p>23 MR. PHILBRICK: I'm going to object 24 to the form. It mischaracterizes his testimony.</p> <p>25 A. If there is this so-called unique</p>

12 (Pages 42 to 45)

<p style="text-align: right;">Page 46</p> <p>1 language that you referred to, I would talk to the 2 adjustor. I would look at and determine whether 3 there were circumstances similar to this in other 4 unique languages -- unique policies and make a 5 determination as to what would occur in the real 6 world in custom and practice. 7 BY MR. DESCHENES: 8 Q. In this case, is there any language 9 in the Liberty Mutual or American Home policies that 10 would cause you to deviate from your understanding of 11 custom and practice? 12 A. Not that I'm aware of. 13 Q. Mr. Campos, I don't know if you have 14 available to you the Liberty mutual policy? 15 A. It's somewhere here. 16 Q. If you could pull that out, I'd 17 appreciate it. I'm going to ask you a couple of 18 questions. 19 A. Yes, sir. 20 Q. Do you have it available? 21 A. Yes, sir. 22 Q. If I could direct your attention to 23 the pages Bates-stamped 100087 through 88. 24 A. Yes, sir. 25 Q. And this -- those two pages, the</p>	<p style="text-align: right;">Page 48</p> <p>1 interpretation of the language on these two pages? 2 A. My interpretation of the language on 3 the two pages, yes, sir. 4 Q. It does? 5 A. And -- and Liberty's letter, I think 6 of December 10 -- if my memory serves me correctly, 7 that date, December 10, 2004, I think. 8 Q. Now, in your 45 years of -- maybe 9 it's more than 45 years of experience -- 10 Let me ask you: Have you ever seen 11 an endorsement like this one, the contractor rework 12 coverage amendment? 13 A. Yes, I believe I have. 14 Q. Can you tell me specifically in what 15 other cases that you've seen -- and I'm talking about 16 this exact language, sir. 17 A. Well, if you're talking -- now, in 18 the second question you said "exact language." 19 Q. All right. Let me clarify. Have you 20 seen an endorsement before in your career with 21 language just like this? 22 A. Precisely like this? 23 Q. Yep. 24 A. I cannot answer that question 25 honestly, truthfully, which I'm doing here today,</p>
<p style="text-align: right;">Page 47</p> <p>1 first page should say "Contractor Rework Coverage 2 Amendment." Do you see that, sir? 3 A. Yes, sir. 4 Q. And the first question I have for you 5 is have you ever read this endorsement? 6 A. Yes, sir. 7 Q. And in connection with your opinions 8 in this case, do you rely at all on your analysis of 9 this endorsement? 10 A. Well, I read it, reviewed it, 11 reviewed Liberty's letter explaining their 12 interpretation of this letter and their ultimate 13 decision to pay their limit of liability minus the -- 14 above the deductible, and yes, I've looked at this, 15 yes. 16 Q. Well, my question went further than 17 did you look at it. My question is, did you rely at 18 all -- 19 A. I answered that, that I did rely on 20 it. Okay? 21 Q. You do rely on your analysis of this 22 endorsement to reach your opinions in this case? 23 A. It's part of what I relied on to 24 reach my conclusions, yes. 25 Q. And does that involve your</p>	<p style="text-align: right;">Page 49</p> <p>1 unless I went back to my old files and made a 2 comparison to see if it was precisely and exactly the 3 same wording. 4 It could be a word or two different. 5 I don't know, sir. And you wouldn't want me to 6 guess. 7 Q. No. Now, let me back up and ask the 8 question a little more generally that you were going 9 to answer. Have you ever encountered anything 10 similar to this endorsement before? 11 A. I believe I have. 12 Q. And can you tell me specifically when 13 you've encountered an endorsement like this, in what 14 other case? 15 A. Sir, I have to relate back to my 16 college days where my professor told me not to cram 17 my mind with details, but just know where to go get 18 the information. I don't recall. I'd have to do 19 some research to see whether that file still exists 20 in my firm here, to answer your question truthfully. 21 Q. And if you could just go down the 22 page of 100087 about a third of the way, sir, there's 23 some language that appears, and I'll read it for the 24 record. It says, "The amount we will pay under this 25 coverage shall be limited to the lesser of: 1, your</p>

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1 actual cost of removing and replacing any of the
 2 above items; or 2, your actual cost of remedial
 3 action taken to avoid removal or replacement of such
 4 products."

5 Do you see that language, sir?

6 A. Yes.

7 Q. And did I read that correctly?

8 A. Yes.

9 Q. And in your experience, have you ever
 10 encountered language like this?

11 A. Like that, I believe I have.

12 Q. And can you tell me in what other
 13 context you have seen language like this?

14 A. I cannot recall the specific case.

15 Q. Can you tell me generally?

16 A. Generally I've seen it. I can't tell
 17 you it's XYZ Corporation or what it was, okay? Or
 18 the circumstances, or whether it was a 40-inch pipe
 19 or whether it was a 22-inch pipe, okay? I'm sorry,
 20 but I can't tell you.

21 Q. Well, I'm just asking generally if
 22 you can recall in any other context in which you've
 23 seen language like this?

24 A. And I testified that I believe I
 25 have.

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1 Q. And I'm asking for the example of
 2 that.

3 A. And I testified I can't recall the
 4 specific example.

5 Q. And as part of your opinions in this
 6 case, are you relying upon your interpretation of
 7 that language which I just read?

8 A. I'm relying on the language. I'm
 9 relying on other documents that I've read, the
 10 deposition testimony. I'm relying on Liberty's
 11 letter and my understanding of what the custom and
 12 practice would be in a situation like this.

13 Q. And is part of your opinion in this
 14 case based on your interpretation of this provision
 15 which I just read?

16 A. My interpretation of custom and
 17 practice in connection with this provision.

18 Q. Your interpretation of custom and
 19 practice as opposed to --

20 A. The custom and practice in connection
 21 with this provision, this terminology.

22 Q. I may be splitting hairs here, but
 23 you're talking about custom and practice as opposed
 24 to your interpretation of the language itself, sir?

25 A. Well, I'm reading the language. I

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1 can read the language, and then I use, in the custom
 2 and practice of the insurance industry, how would
 3 such a claim be adjusted. That's what I mean, sir.

4 Q. Well, can you tell me what your
 5 understanding of insurance industry custom and
 6 practice is for dealing with a provision like this?

7 A. Well, it's -- they will pay the
 8 lesser of the two items, one or two.

9 Q. But not both, sir?

10 A. Well, my understanding would be the
 11 lesser of the two. It's a question of what would be
 12 included in one and what would be included in two.
 13 Okay?

14 One of the issues in this case,
 15 according to Porzio's testimony, is the cost of
 16 investigating and testing, and one of the issues
 17 seems to be your client raising this issue or you
 18 raising it.

19 And, sir, in my years of experience,
 20 you need to test and investigate in order to come to
 21 the crossroads of whether you repair or whether you
 22 replace. You cannot abide by the terms of the policy
 23 as to should you repair or should you replace unless
 24 you spend some time and effort testing and
 25 investigating which route to take.

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1 If you don't do that, you're not
 2 abiding properly by the terms of the policy. And in
 3 the real world, those investigation and testing costs
 4 are covered. And in the real world, the insurance
 5 company gets involved -- instead of sitting on the
 6 sidelines, gets involved in the testing and
 7 investigating, along with the insured, to determine
 8 which way to go.

9 (A brief recess was taken.)

10 BY MR. DESCHENES:

11 Q. We were focusing, Mr. Campos, on this
 12 contractor rework coverage amendment before we
 13 broke --

14 A. Right.

15 Q. -- and you mentioned based on custom
 16 and practice -- based on your understanding of custom
 17 and practice, that the cost of investigating would
 18 ordinarily be covered under on a policy, correct?

19 A. Testing and investigating, yeah.

20 Q. Testing and investigating. And in
 21 this particular endorsement, is there any provision
 22 that you rely upon for that opinion?

23 A. Not with the specific wording. What
 24 I'm saying, custom and practice, even with wording
 25 such as this, you don't get to that crossroads --

<p style="text-align: right;">Page 54</p> <p>1 when you get to that crossroads of deciding where to 2 go, repair or replace, how do you make that decision 3 unless you test and investigate? 4 It's not like you have a broken chair 5 or a broken table. This is a very complex pipeline, 6 almost a mile long. It's not something that you just 7 take a quick look at and say, Well, we can repair or 8 we have to replace it. Okay? So it's some 9 investigation and testing of a considerable amount is 10 necessary in order to make that decision. Otherwise, 11 you're not abiding by the terms of the policy. 12 Q. Are you done? I just don't want to 13 cut you off. 14 A. Yes, sir. 15 Q. I appreciate your response. But let 16 me go back to my question, which is: Are you relying 17 on any specific language in the endorsement for that 18 opinion? 19 A. I believe, if I didn't, what I meant 20 to say, I read the language and I'm saying, yes, that 21 language and as it is handled or as it's done in the 22 normal course of an adjustment in the custom and 23 practice, I'm -- even with this language, I'm saying 24 testing and investigating is included. It has to be 25 included, logically.</p>	<p style="text-align: right;">Page 56</p> <p>1 Insituform's consequential damages claim in this 2 case? 3 A. No, sir. 4 Q. Insituform has not retained you to 5 offer any opinions on its consequential damages 6 claim? 7 A. I just want to make sure you identify 8 what you mean or what whoever means by "consequential 9 damages" in this claim. 10 Q. Do you have any understanding for 11 what that term means, "consequential damages"? 12 A. Generally, yes. 13 Q. Well, let me try to be a little more 14 specific for you in this case. 15 MR. PHILBRICK: Sorry about that. 16 THE WITNESS: What happened? 17 MR. PHILBRICK: My phone rang and you 18 all heard it so I just killed it. And please 19 proceed. I apologize. 20 MR. DESCHENES: Not a problem. 21 THE WITNESS: If it's your wife, 22 answer it. 23 BY MR. DESCHENES: 24 Q. Are you aware of a consequential 25 damages claim related to a default of a debt</p>
<p style="text-align: right;">Page 55</p> <p>1 Q. And where we talked about the 2 either/or before in that provision -- strike that. 3 The provision that I read to you 4 before the break that starts out, "The amount we will 5 pay under this coverage shall be limited to the 6 lesser of" language; do you see that? 7 A. Yes, sir. 8 Q. Do you agree this language has an 9 impact on what is recoverable under the policy? 10 A. Yes. 11 Q. And do you agree, sir, that 12 determining what amounts fall into each category 13 involves a coverage issue? 14 A. I'm sorry. I missed that sentence -- 15 that question. 16 Q. Sure. Let me repeat it. Do you 17 agree that determining what amounts fall into each 18 category involves a coverage issue? 19 A. Well, it's a -- it's a question of 20 coverage, yes. And that paragraph that you read -- 21 or part of a paragraph that you read has to be taken 22 in the context of the rest of that endorsement -- 23 okay -- amendment, not just taking it out of context. 24 Q. Turning to a different topic, sir, do 25 you intend to offer any opinions at trial on</p>	<p style="text-align: right;">Page 57</p> <p>1 instrument in December of '04 and a debt refinancing 2 in '05 and Insituform claiming cost as a result of 3 that refinancing? 4 A. Yes. 5 Q. And my question to you is, do you 6 intend to offer any opinions at trial on that issue? 7 A. At this point in time, I have not 8 been asked and I don't intend to. 9 Q. And do you intend to offer any 10 opinions at trial on Insituform's business 11 interruption damages claim? 12 A. I wasn't aware there was one. Okay? 13 So therefore I do not intend to perform -- to testify 14 in connection with the business interruption claim. 15 Q. So until my asking that question, you 16 weren't aware that Insituform was pressing a business 17 interruption claim in this case? 18 A. I don't recall of one, sir. 19 Q. You have experience valuing business 20 interruption claims for other clients, do you not? 21 A. Yes. 22 Q. And you have experience testifying in 23 business interruption cases? 24 A. Yes, sir. 25 Q. And you have published articles on</p>

15 (Pages 54 to 57)

<p style="text-align: right;">Page 58</p> <p>1 business interruption; isn't that correct?</p> <p>2 A. Yes, sir.</p> <p>3 Q. But Insituform has not asked you to</p> <p>4 give any opinions on that in this case; is that</p> <p>5 correct, sir?</p> <p>6 A. Not as of this date, no, sir.</p> <p>7 Q. Since our last deposition session in</p> <p>8 May, have you done anything else to investigate</p> <p>9 Insituform's claim?</p> <p>10 A. Well, what I've done is what I set</p> <p>11 forth in Defendant's Exhibit 14 and with respect to</p> <p>12 the costs through December 31, 2003 and after. I</p> <p>13 have also looked at the closeout costs that in my --</p> <p>14 Schedule 1 of my report were estimated at \$264,000.</p> <p>15 And I've since looked at the actual</p> <p>16 closeout costs, and I believe I testified at the time</p> <p>17 that I knew or I understood there were going to be</p> <p>18 less than the 264,000. And I understand that -- by</p> <p>19 copy of a letter that I've seen from Mr. Philbrick to</p> <p>20 you dated June 8, that the actual costs were set</p> <p>21 forth in those documents. And I received a carbon</p> <p>22 copy of that letter.</p> <p>23 Those costs were decreased from the</p> <p>24 264,000 estimate to 201,446.73. And I guess to</p> <p>25 complete my answer, I've summarized the original</p>	<p style="text-align: right;">Page 60</p> <p>1 I intend to make to your opinion changes from your</p> <p>2 earlier report or deposition?</p> <p>3 A. No, sir.</p> <p>4 Q. Since our deposition in May, have you</p> <p>5 looked into whether -- and I asked you about this in</p> <p>6 your deposition -- whether Insituform was paid an</p> <p>7 additional \$79,000 by the MWRA in June of '04?</p> <p>8 A. I have not looked into that, and I</p> <p>9 don't recall that question, sir.</p> <p>10 Q. Okay. Well, I don't have it in front</p> <p>11 of me, but there was a piece of correspondence in</p> <p>12 which Insituform was seeking compensation. And my</p> <p>13 questions for you then were: Do you know whether the</p> <p>14 MWRA paid this amount, and do you know whether those</p> <p>15 costs are included in Insituform's claim against</p> <p>16 American Home?</p> <p>17 And at the time I think you answered</p> <p>18 you did not. And so my question is: Have you</p> <p>19 investigated that at all?</p> <p>20 A. And I think I have answered that. I</p> <p>21 have not.</p> <p>22 Q. Okay. And do you recall, sir,</p> <p>23 whether the cost of leasing and maintaining the</p> <p>24 warehouse and yard space are included as part of</p> <p>25 equipment burden?</p>
<p style="text-align: right;">Page 59</p> <p>1 claim that I've calculated on my Schedule 1.</p> <p>2 Q. Yes, sir.</p> <p>3 A. And I adjusted it for the closeout</p> <p>4 cost, the actual -- based -- as compared to the</p> <p>5 estimate that I just mentioned now. And then I also</p> <p>6 took the equipment burden -- the fixed portion of the</p> <p>7 equipment burden, which I believe I testified to in</p> <p>8 May, and deducted that from the claim.</p> <p>9 All of that is set forth on C&S 0153,</p> <p>10 and I come up with a revised total of the claim of</p> <p>11 7,054,899.68.</p> <p>12 Q. But just to confirm, it is your</p> <p>13 opinion that the amount of actual cost for this claim</p> <p>14 is \$7,054,899.68; is that correct?</p> <p>15 A. Yes. And I had testified in my</p> <p>16 deposition that I was in the process of analyzing</p> <p>17 that, and that those adjustments would have to be</p> <p>18 made, and they have now been made.</p> <p>19 Q. So that amount includes reductions</p> <p>20 for the claim for actual closeout costs versus</p> <p>21 estimated closeout costs, and the second part is the</p> <p>22 fixed cost portion of equipment burden; is that</p> <p>23 correct?</p> <p>24 A. Yes, sir.</p> <p>25 Q. Are there any other changes that you</p>	<p style="text-align: right;">Page 61</p> <p>1 A. I'd have to take a look -- to answer</p> <p>2 your question properly, I'd have to take a look at --</p> <p>3 sir, I believe I answered that question at my</p> <p>4 deposition. I don't recall, as I sit here today,</p> <p>5 whether they were included in total or in part,</p> <p>6 without doing some research.</p> <p>7 Q. Okay. Well, you'll have to do your</p> <p>8 research. My question the last time -- I think you</p> <p>9 answered in response to my question the last time was</p> <p>10 that your belief was they were not included, and</p> <p>11 that's the reason for my follow-up.</p> <p>12 A. That the warehouse costs were not</p> <p>13 included?</p> <p>14 Q. As a part of equipment burden.</p> <p>15 A. Okay.</p> <p>16 Q. Do you know one way or the other,</p> <p>17 sir?</p> <p>18 A. I don't recall as I sit here today.</p> <p>19 Q. You would agree that such costs would</p> <p>20 be considered a fixed cost, would it not?</p> <p>21 A. Depending on the underlying nature of</p> <p>22 them. Not necessarily -- they would tend to be, but</p> <p>23 I would have to look at the details and the facts and</p> <p>24 circumstances behind the specific warehouse costs.</p> <p>25 Okay?</p>

16 (Pages 58 to 61)

<p style="text-align: right;">Page 62</p> <p>1 Q. Okay.</p> <p>2 MR. DESCHENES: Charlie?</p> <p>3 MR. PHILBRICK: Yes, sir.</p> <p>4 MR. DESCHENES: I think I'm done.</p> <p>5 I'm looking at my notes.</p> <p>6 MR. PHILBRICK: Take your time. I'm</p> <p>7 doing the same thing.</p> <p>8 MR. DESCHENES: Okay. I am done,</p> <p>9 sir. Thank you.</p> <p>10 THE WITNESS: You're welcome.</p> <p>11 MR. DESCHENES: Thanks for making</p> <p>12 yourself available.</p> <p>13 CROSS-EXAMINATION BY MR. PHILBRICK:</p> <p>14 Q. Mr. Campos, this is Charlie</p> <p>15 Philbrick. I just have a couple of questions I'd</p> <p>16 like to ask you.</p> <p>17 You indicated, during the questions</p> <p>18 that Mr. Deschenes asked you, that you had reviewed</p> <p>19 the Liberty Mutual contractor's rework coverage</p> <p>20 amendment endorsement as well as Liberty Mutual's</p> <p>21 December 10, 2004 letter; is that correct?</p> <p>22 A. Yes, sir.</p> <p>23 Q. And are those the kinds of things</p> <p>24 that an expert in the field of forensic accounting</p> <p>25 and evaluating and insurance loss would typically</p>	<p style="text-align: right;">Page 64</p> <p>1 indicated that those references all pertained to</p> <p>2 Deposition Exhibit 6 A, B, C and D; is that correct?</p> <p>3 A. Yes, sir.</p> <p>4 Q. And are those materials and the</p> <p>5 information contained in Exhibit 6 A, B, C and D the</p> <p>6 kind of information that an expert or forensic</p> <p>7 accountant would typically rely upon in performing a</p> <p>8 loss evaluation as the kind that you have done here?</p> <p>9 MR. DESCHENES: Objection.</p> <p>10 A. The data -- the documents in</p> <p>11 Exhibits 6 A, B, C and D represent the underlying</p> <p>12 source data for the claim/ and it's obviously the</p> <p>13 kind of data that a forensic accountant would and</p> <p>14 should look at in connection with an evaluation of</p> <p>15 the claim.</p> <p>16 BY MR. PHILBRICK:</p> <p>17 Q. You were also asked questions about</p> <p>18 evaluating a liability claim.</p> <p>19 Do you recall that?</p> <p>20 A. I think the question was originally</p> <p>21 about valuing a liability claim, and I mentioned that</p> <p>22 I evaluate them and analyze them, yes.</p> <p>23 Q. And do you consider the claim to</p> <p>24 be -- that's at issue in this litigation to be a</p> <p>25 liability claim?</p>
<p style="text-align: right;">Page 63</p> <p>1 rely upon in performing his or her analysis?</p> <p>2 MR. DESCHENES: Objection.</p> <p>3 A. Where you have a situation where</p> <p>4 there are layered policies, an underlying policy and</p> <p>5 an excess carrier, yes, because this would be no need</p> <p>6 to be looking at another company's policy unless it</p> <p>7 had a bearing on this particular claim.</p> <p>8 MR. DESCHENES: I'm having a little</p> <p>9 difficulty hearing you, Mr. Campos. If you could</p> <p>10 speak up.</p> <p>11 THE WITNESS: I'm sorry.</p> <p>12 A. What I said was that I would only be</p> <p>13 looking at it in a situation where there's an</p> <p>14 underlying policy and an excess policy. You would</p> <p>15 only look at the underlying policy when you have that</p> <p>16 kind of a situation, and that's why I did that in</p> <p>17 this particular case.</p> <p>18 I looked at the policy and the letter</p> <p>19 from Liberty Mutual where they transmitted their</p> <p>20 final check in connection with the payment of the</p> <p>21 limit of liability of their policy.</p> <p>22 BY MR. PHILBRICK:</p> <p>23 Q. And you also made reference during</p> <p>24 the questions that were asked you to the binders or</p> <p>25 the source material, and I think at one point you</p>	<p style="text-align: right;">Page 65</p> <p>1 MR. DESCHENES: Objection.</p> <p>2 A. I think I testified earlier that my</p> <p>3 understanding of this claim is that even though it's</p> <p>4 written in connection with a liability policy, that</p> <p>5 the aspects of this claim and the endorsement that</p> <p>6 applies are, in effect, the first-party property</p> <p>7 claim.</p> <p>8 BY MR. PHILBRICK:</p> <p>9 Q. And in the context of adjusting or</p> <p>10 evaluating the quantum of a first-party property</p> <p>11 claim, is it common in your experience to address the</p> <p>12 question of repair versus replacement?</p> <p>13 A. In my role I don't, as I said, adjust</p> <p>14 the loss. But as a consultant sitting in in the</p> <p>15 adjustment process of the loss, yes, it is common to</p> <p>16 see the testing and investigation as being part of</p> <p>17 the cost of the claim and recoverable on the claim.</p> <p>18 Because as I testified earlier,</p> <p>19 unless you do so, you're not properly following the</p> <p>20 terms of the policy to determine which avenue to</p> <p>21 take.</p> <p>22 MR. DESCHENES: Excuse me. Charlie.</p> <p>23 MR. PHILBRICK: Yes, sir.</p> <p>24 MR. DESCHENES: Did we reserve</p> <p>25 motions to strike? I think we did, but --</p>

17 (Pages 62 to 65)

<p style="text-align: right;">Page 66</p> <p>1 MR. PHILBRICK: That's fine.</p> <p>2 MR. DESCHENES: Otherwise, I would</p> <p>3 move to strike it, but --</p> <p>4 MR. PHILBRICK: Do you have a</p> <p>5 grounds?</p> <p>6 MR. DESCHENES: Yeah, nonresponsive.</p> <p>7 MR. PHILBRICK: It's not your motion.</p> <p>8 BY MR. PHILBRICK:</p> <p>9 Q. Mr. Campos, in your experience as a</p> <p>10 forensic accountant evaluating first-party property</p> <p>11 losses, is it common for a property policy to provide</p> <p>12 either indemnification for a replacement or repair?</p> <p>13 A. Where -- where the policy has a</p> <p>14 replacement provision, yes.</p> <p>15 Q. Are there occasions when it doesn't?</p> <p>16 MR. DESCHENES: Objection.</p> <p>17 A. Yes, there are occasions where a</p> <p>18 property policy does not have a provision for</p> <p>19 replacement.</p> <p>20 BY MR. PHILBRICK:</p> <p>21 Q. What is your understanding with</p> <p>22 respect to who typically bears the costs of</p> <p>23 determining which is cheaper, repair or replacement?</p> <p>24 MR. DESCHENES: Objection.</p> <p>25 A. My experience is that the cost of</p>	<p style="text-align: right;">Page 68</p> <p>1 number of how many losses that you have evaluated</p> <p>2 over the years. What was that number?</p> <p>3 A. It's over 3,000.</p> <p>4 Q. And for -- you had also indicated</p> <p>5 that you had done this forensic accounting work for</p> <p>6 insurance companies; is that right?</p> <p>7 A. Most of my work in the insurance</p> <p>8 industry is on behalf of insurance companies. The</p> <p>9 vast majority of it.</p> <p>10 Q. And did you do your work in this case</p> <p>11 any differently because -- in light of the fact that</p> <p>12 you've been retained by Insituform?</p> <p>13 A. No, sir. I used the same standards</p> <p>14 and same approach no matter what. Okay? No matter</p> <p>15 who my client is. That's what my profession dictates</p> <p>16 that I do, and I have always followed that.</p> <p>17 MR. PHILBRICK: Thank you,</p> <p>18 Mr. Campos. I don't have any other questions.</p> <p>19 MR. DESCHENES: I just have one</p> <p>20 follow-up from what Mr. Philbrick asked you.</p> <p>21 REDIRECT EXAMINATION BY MR. DESCHENES:</p> <p>22 Q. He asked you about liability versus</p> <p>23 quantum just now.</p> <p>24 A. Yes.</p> <p>25 Q. And you would agree, sir, that the</p>
<p style="text-align: right;">Page 67</p> <p>1 determining which road to take, which avenue to take,</p> <p>2 repair or replacement, is part of the -- is</p> <p>3 reimbursed by the insurance carrier in connection</p> <p>4 with that type of loss.</p> <p>5 And as I said earlier, it's not like</p> <p>6 you're looking at a table or a chair like we have in</p> <p>7 this conference room that I'm in now. You're looking</p> <p>8 at a complex piece of property that's almost a mile</p> <p>9 long, 40 -- 30 feet underground.</p> <p>10 BY MR. PHILBRICK:</p> <p>11 Q. During the questioning, you had</p> <p>12 commented on distinguishing between liability on one</p> <p>13 hand and quantum on the other. Do you recall that?</p> <p>14 A. Yes.</p> <p>15 Q. Do you consider the issues that you</p> <p>16 address in evaluating quantum to be coverage issues?</p> <p>17 MR. DESCHENES: Objection.</p> <p>18 A. If you talk about coverage being --</p> <p>19 coming under the category of liability as opposed to</p> <p>20 quantum, no. I get involved in the quantum aspects</p> <p>21 of the claim using the custom and practice under the</p> <p>22 policy to determine what is reimbursable under the</p> <p>23 policy.</p> <p>24 BY MR. PHILBRICK:</p> <p>25 Q. And I think you had indicated a</p>	<p style="text-align: right;">Page 69</p> <p>1 quantum aspects of the claim sometimes involves</p> <p>2 coverage issues as well, would you not?</p> <p>3 A. Yes. And as I testified, I get</p> <p>4 involved with the quantum. And with respect to the</p> <p>5 coverage issues of the quantum, my involvement is the</p> <p>6 custom and practice used in adjusting and evaluating</p> <p>7 that loss in the real world.</p> <p>8 Q. As opposed to giving your opinions</p> <p>9 about policy interpretation; is that correct, sir?</p> <p>10 A. Or trying to interpret the policy,</p> <p>11 yes.</p> <p>12 MR. DESCHENES: Okay. That's all I</p> <p>13 have.</p> <p>14 MR. PHILBRICK: That's all I have.</p> <p>15 MR. DESCHENES: We'd like it -- at</p> <p>16 least I'd like it within a week, if possible.</p> <p>17 (The deposition was concluded at 3:30</p> <p>18 p.m.)</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>

18 (Pages 66 to 69)

1 CERTIFICATE

2 I, JENNIFER REALMUTO a Notary Public
3 and Certified Shorthand Reporter, do hereby
4 state that prior to the commencement of the
5 examination

6 CHRIS CAMPOS, CPA

7 was duly sworn by me to testify to the
8 truth, the whole truth and nothing but the
9 truth.

10 I do further state that the foregoing
11 is a true and accurate transcript of the
12 testimony as taken stenographically by and
13 before me at the time, place and on the date
14 hereinbefore set forth.

15 I do further state that I am neither
16 a relative nor employee nor attorney nor
17 counsel of any of the parties to this
18 action, and that I am neither a relative nor
19 employee of such attorney or counsel and
20 that I am not financially interested in this
21 action.

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